



Audit Committee

Briefing Book

Monday, July 28, 2025

2:20 p.m. - 3:55 p.m. Eastern Time

Available for Public Use

Universal Service Administrative Company

700 12th Street, NW, Suite 900

Washington, DC 20005

**Universal Service Administrative Company  
Audit Committee  
Quarterly Meeting  
Agenda**

**Monday, July 28, 2025  
2:20 p.m. – 3:55 p.m. Eastern Time  
USAC Offices  
700 12th Street, N.W., Suite 900  
Washington, D.C. 20005**

<b>OPEN SESSION</b>		<i>Estimated Duration in Minutes</i>
Chair	<b>a1.</b> Consent Items (each item is available for discussion upon request): <ul style="list-style-type: none"> <li><b>A.</b> Approval of Audit Committee Meeting Minutes of April 28, 2025</li> <li><b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></li> <li><b>C.</b> Annual Review of USAC's System of Internal Controls (See AC03cf)</li> <li><b>D.</b> Annual Review of USAC's Financial Reporting Process (See aAC04cf)</li> </ul>	5
Teleshia	<b>i1.</b> Audit and Assurance Division Business Update <ul style="list-style-type: none"> <li>• Q2 2025 Accomplishments</li> <li>• Q3 2025 Plans</li> <li>• Roadmap</li> <li>• Appendix A: BCAP Audits in Process</li> <li>• Appendix B: BCAP Audit Aging Report</li> <li>• Appendix C: SCAP Audit Reports in Process</li> <li>• Appendix D: PQA Assessments in Process</li> <li>• Appendix E: Glossary of Terms</li> </ul>	20

<b>EXECUTIVE SESSION</b> <b>Confidential – <i>Executive Session Recommended</i></b>		<i>Estimated Duration in Minutes</i>
Teleshia	<b>i2.</b> Audit and Assurance Division Business Update ( <i>Continued</i> ) <ul style="list-style-type: none"> <li>• Fiscal Year 2024 Common BCAP/SCAP Audit and PQA Assessment Findings and Corrective Action Plans</li> </ul>	10
Teleshia	<b>a2.</b> Action on One USAC Audit and Assurance Division Strategic Audit Report	10
Teleshia	<b>a3.</b> Annual Review of USAC's System of Internal Controls	—
Teleshia	<b>a4.</b> Annual Review of USAC's Financial Reporting Process	—

EXECUTIVE SESSION Confidential – <i>Executive Session Recommended</i>		<i>Estimated Duration in Minutes</i>
Teleshia/ Michelle/ Tom Leonard, PwC Partner	<b>a5.</b> Acceptance of USAC’s 2024 Financial Statement Audit and Agreed-Upon Procedures Review (Same as iBOD05cf)	20
PwC	<b>i3.</b> Audit Committee <i>Executive Session</i> with USAC’s Independent Audit Firm – PricewaterhouseCoopers LLP	15
Chair	<b>i4.</b> Audit Committee <i>Executive Session</i> with USAC’s Vice President of Audit and Assurance	15

**Next Scheduled USAC Audit Committee Meeting**

<b>Monday, October 27, 2025</b> <b>USAC Offices, Washington, D.C.</b>
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**Universal Service Administrative Company  
Audit Committee Meeting**

<b>ACTION ITEM</b>
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**Consent Items**

**Action Requested**

The Audit Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the consent items listed below.

**Discussion**

The Committee is requested to approve the following items using the consent resolution below:

- A. Committee meeting minutes of April 28, 2025 (*see Attachment A*)
- B. Approval of moving all *Executive Session* items into *Executive Session*:
  - (1) **i2.** Audit and Assurance Division Business Update. USAC management recommends that this item be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
  - (2) **a2.** Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommends that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
  - (3) **a3.** Annual Review of USAC's System of Internal Controls. USAC management recommends that this matter be discussed in *Executive Session* because this matter relates to *specific internal controls or confidential company data* that would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
  - (4) **a4.** Annual Review of USAC's Financial Reporting Process. USAC management recommends that this matter be conducted in *Executive Session* because this matter relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
  - (5) **a5.** Acceptance of USAC's 2024 Annual Financial Statement Audit and Agreed-Upon Procedures Review (*same as iBOD05cf*). USAC management recommends that this matter be discussed in *Executive*

*Session* because it relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

- (6) **i3.** Audit Committee *Executive Session* with USAC's Independent Audit Firm. USAC management recommends that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.
- (7) **i4.** Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance. USAC management recommends that this matter be discussed in *Executive Session* pursuant to the guidelines in the approved Audit Committee Charter.

**C.** Annual Review of USAC's Systems of Internal Controls. In accordance with Section III.F of the Committee's Charter, the Committee is required to review the adequacy of USAC's system of internal controls (*See aAC03cf*; if discussion is needed, it will be conducted in *Executive Session*).

**D.** Annual Review of USAC's Financial Reporting Process. In accordance with Section III.C of the Committee's Charter, the Committee, is required to review the integrity of USAC's financial reporting process (*See aAC04cf*; if discussion is needed, it will be conducted in *Executive Session*).

Upon request of a Committee member, the above items are available for discussion by the Committee.

### **Recommended USAC Audit Committee Action**

#### **APPROVAL OF THE FOLLOWING RESOLUTIONS:**

**RESOLVED**, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of April 28, 2025; (2) discussion in *Executive Session* of the items noted above; (3) the annual review of USAC's system of internal controls; and (4) the annual review of USAC's financial reporting process.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12th Street, N.W., Suite 900**  
**Washington, D.C. 20005**

**AUDIT COMMITTEE MEETING**  
**Monday, April 28, 2025**

**(DRAFT) MINUTES<sup>1</sup>**

The quarterly meeting of the Audit Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, April 28, 2025. Ms. Julie Tritt Schell, Committee Chair, called the meeting to order at 2:47 p.m. Eastern Time, with a quorum of four of the five Committee members present.

Gregory, Amber  
Kettwich, Dan  
Mason, Ken – Vice Chair  
Schell, Julie Tritt – Chair

Members not present:

Polk, Stephanie

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer – *by telephone*  
Butler, Stephen – Vice President of Shared Services  
Chacko, Sheba – Member of the Board – *by telephone*  
Chalk, Indra – Member of the Board  
Davis, Criag – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Freeman, Sarah – Member of the Board  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and  
Assistant Treasurer  
Green, Anisa – Member of the Board  
O'Brien, Tim – Vice President of Lifeline  
Sekar, Radha – Chief Executive Officer– *by telephone*  
Sweeney, Mark – Vice President of Rural Health Care  
Thompson, Mona – Member of the Board – *by telephone*  
Wade, Joan – Member of the Board

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<sup>1</sup> Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Waller, Jeff – Member of the Board – *by telephone*

Wein, Olivia – Member of the Board

Wibberly, Dr. Kathy – Member of the Board

Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Claxton, Naomi	USAC
Estrella, Julianna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
King, Ryan	USAC
Little, Chris	USAC
Mitchell, Katherine	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Robinson, Crystal	USAC
Staurulakis, Chresanthe	USAC
Tyson, Ashley	FCC

### OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

**a1. Consent Items.** Ms. Schell presented this item to the Committee.

**A.** Approval of the Audit Committee meeting minutes of January 27, 2025.

**B.** Approval of moving all *Executive Session* items into *Executive Session*:

- (1) **i2.** Audit and Assurance Division Business Update (*Continued*).  
USAC management recommends that this matter be discussed in *Executive Session* because discussion of the plan relates *to specific internal controls and/or confidential company data* that could constitute a discussion of *internal rules and procedures*. Additionally, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (2) **a2.** Action on One USAC Audit and Assurance Division Strategic Audit Report. USAC management recommends that this matter be discussed in *Executive Session* because the report relates to *specific internal controls or confidential company data* that would constitute a discussion of *internal rules and procedures*. Additionally, *47 C.F.R.*

***§ 54.711(b) requires USAC to keep all data obtained from contributors confidential.***

- (3) **i3.** Audit Committee ***Executive Session*** with USAC's Vice President of Audit and Assurance. USAC management recommends that this matter be discussed in ***Executive Session*** pursuant to the guidelines in the approved Audit Committee Charter.

**C. Review of USACs Processes to Assess Compliance with Applicable Laws and Regulations.**

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

**RESOLVED**, that the Audit Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 27, 2025; and (2) discussion in ***Executive Session*** of the items noted above; and (3) USAC's Processes to Assess Compliance with Applicable Laws and Regulations.

**i1. Audit and Assurance Division Business Update.** Ms. Delmar presented a PowerPoint presentation including the following topics:

- Q1 2025 Accomplishments and Q2 2025 Plans
- Roadmap
- Appendices A-D: Status of Various Audits and Assessments
- Appendix E: Glossary of Terms

At 3:08 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing confidential items. Only members of the Board, FCC, and USAC staff were present.

**EXECUTIVE SESSION**

**i2. Audit and Assurance Division Business Update (*Continued*).** Ms. Delmar presented a PowerPoint presentation on the Compliance and Audit Modernization Platform (CAMP), describing the differences between the current processes compared to the benefits of CAMP.

**a2. Action on One USAC Audit and Assurance Division Strategic Audit Report.** Ms. Delmar presented the Audit and Assurance Division's strategic audit report for the Privacy Follow-Up Audit to the Committee.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution:



**RESOLVED**, that the USAC Audit Committee, having reviewed the USAC Audit and Assurance Division's strategic audit report for the Privacy Follow-Up Audit, accepts the recommendation of USAC management and hereby deems the report final.

At 3:45 p.m. Eastern Time, the Committee continued in Executive Session with only non-staff members of the Board and Ms. Delmar present.

- i3. Audit Committee *Executive Session* with USAC's Vice President of Audit and Assurance.** Per the guidelines in the approved Audit Committee Charter, Ms. Delmar met with members of the Audit Committee and Board of Directors in a confidential *Executive Session*.

### **OPEN SESSION**

At 4:01 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Ms. Schell reported that, in *Executive Session*, the Committee acted on item a2 and discussed items i2 and i3.

On a motion duly made and seconded, the Committee adjourned at 4:01 p.m. Eastern Time.

/s/ Erin Williams  
Assistant Secretary



# **Audit Committee**

Audit and Assurance Business Update

*Open Session*

July 28, 2025

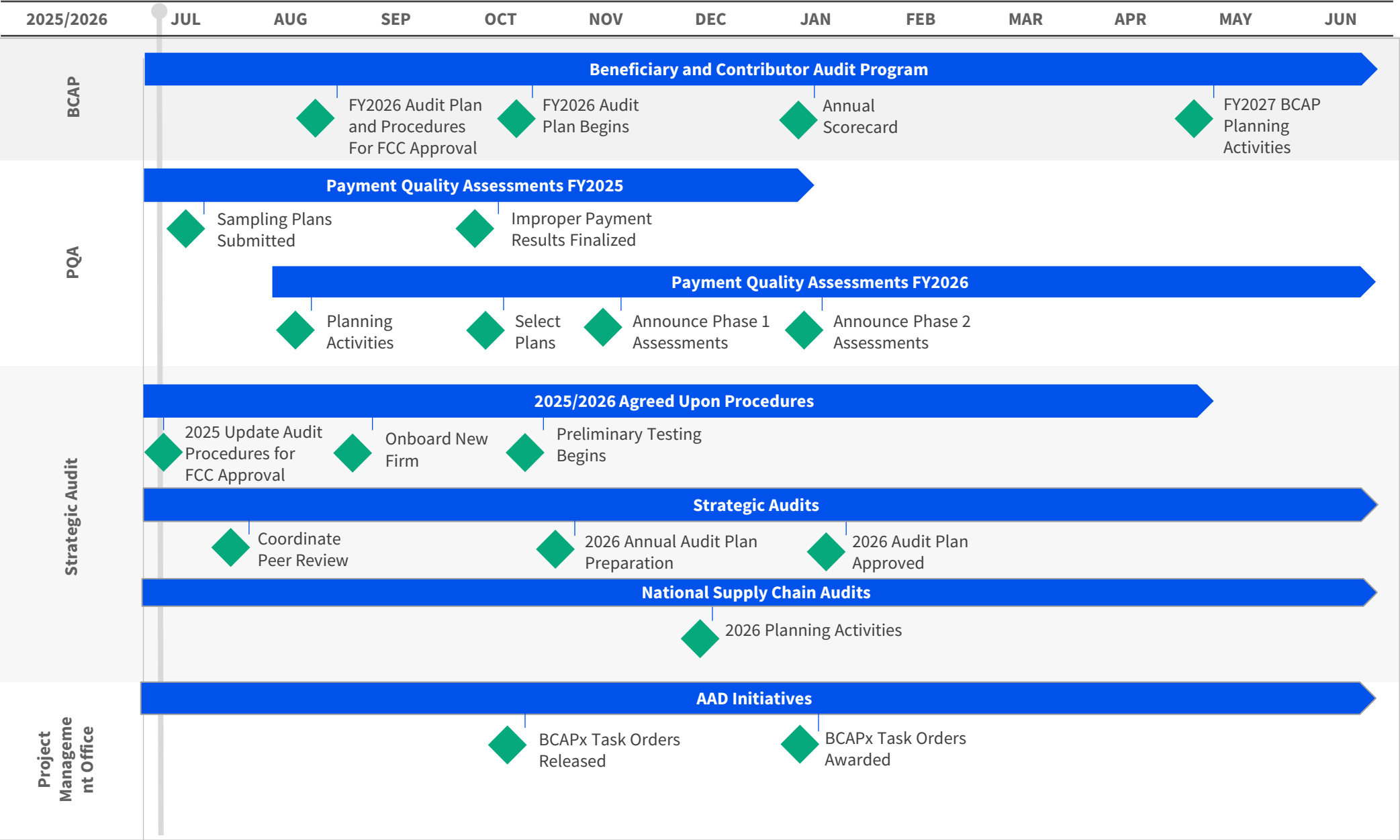
# Agenda

- Q2 2025 Accomplishments
- Q3 2025 Plans
- Roadmap
- Appendices
  - A: BCAP Audits in Progress
  - B: BCAP Audit Aging Report
  - C: SCAP Audit Reports in Progress
  - D: PQA Assessments in Progress
  - E: Glossary of Terms

# Q2 2025 Accomplishments and Q3 2025 Plans

Function	Q2 2025 Accomplishments	Q3 2025 Plans
Beneficiary and Contributor Audit Program (BCAP)	<ul style="list-style-type: none"><li>Released 38 audits (2 CR, 12 HC, 2 LI, 18 E-Rate, and 4 RH).</li><li>Announced 33 audits (7 CR, 10 HC, 8 E-Rate and 8 RH).</li><li>Conduct E-Rate audit training and soft-skills training.</li></ul>	<ul style="list-style-type: none"><li>Complete 25 audits.</li><li>Implement the Compliance and Audit Modernization Platform (CAMP).</li><li>Finalize and submit 2026 BCAP Audit Plan to FCC.</li></ul>
Payment Quality Assurance (PQA)	<ul style="list-style-type: none"><li>Announced the remaining 30 High Cost assessments.</li><li>Testing in progress for all 150 High Cost and 225 Lifeline assessments.</li></ul>	<ul style="list-style-type: none"><li>Complete the testing and quality assurance (QA) review for all 150 High Cost and 225 Lifeline assessments.</li></ul>
Supply Chain Audit Program (SCAP)	<ul style="list-style-type: none"><li>Commenced testing for 10 new announced audits.</li><li>Completed testing for 12 audits.</li></ul>	<ul style="list-style-type: none"><li>Complete testing for 10 ongoing audits.</li><li>Finalize report for 12 completed audits.</li></ul>
Strategic Audit (SA)	<ul style="list-style-type: none"><li>Completed two audits on the approved 2025 Strategic Audit plan.</li><li>Completed training and planning for the Supply Chain audits to be conducted internally.</li><li>Finalized AUP coordination activities.</li></ul>	<ul style="list-style-type: none"><li>Complete two audits.</li><li>Plan and update AUP procedures for 2025/2026.</li><li>Announce two internal Supply Chain audits.</li><li>Coordinate the Peer Review.</li></ul>

# Roadmap



**Milestone Legend**

At Risk

On Track

Completed

# Appendix A: BCAP Audits in Process

The status of BCAP audits in process as of July 1, 2025

Program	Announced	Fieldwork	Reporting	Total
Contributor Revenue	0	18	13	31
High Cost	0	37	32	69
Lifeline	0	21	21	42
E-Rate	1	25	43	69
Rural Health Care	0	14	22	36
Total	1	115	131	247

# Appendix B: BCAP Audits Aging Report

The aging report of BCAP audits in process as of July 1, 2025

Program	< 6 months	> 6 months	> 12 months	> 18 months	Total	Change from 4/28/2025
Contributor Revenue	8	6	12	5	31	(2)
High Cost	24	5	16	24	69	(8)
Lifeline	7	8	13	14	42	(2)
E-Rate	22	4	16	27	69	(11)
Rural Health Care	13	2	8	13	36	9
Total #	74	25	65	83	247	(15)
Total %	30.0%	10.1%	26.3%	33.6%	100.0%	N/A
Reporting Phase	2	6	45	78	131	(20)

**Note:** For the 83 audits > 18 months, 5 are with the audited entity, 45 are with USAC, 27 are with the FCC, and 6 are ready for the next release.

# Appendix C: SCAP Audits in Process

The status of SCAP audits in process as of July 1, 2025

	Announced	Fieldwork	Reporting	Total
	0	21	3	24
Total	0	21	3	24

**Note:** Of the 24 entities under audit, 14 received HC funds, 20 received E-Rate funds, and 13 received RHC funds. An entity may have received one or more types of USF funds.



# Appendix D: PQA Assessments in Process

The status of PQA assessments in process as of July 1, 2025

Program	Announced	Fieldwork	Completed	Total
High Cost	0	45	105	150
Lifeline	0	43	182	225
Total	0	88	287	375

# Appendix E: Glossary of Terms

Term	Definition
AAD	Audit and Assurance Division: An organization within USAC dedicated to preserving the integrity of universal service funds and USAC’s corporate resources by conducting objective audits, performing payment quality assessments, and evaluating the efficiency and effectiveness of USAC’s operations.
ACP	Affordable Connectivity Program: A \$14 billion federal program created through the Infrastructure Investment and Jobs Act to help low-income households pay for internet service and connected internet devices.
AUP	Agreed Upon Procedures: Annual review of USAC’s operations conducted by an external audit firm.
BCAP	Beneficiary and Contributor Audit Program: BCAP assesses beneficiary and contributor compliance with Federal Communications Commission (FCC) rules, orders, and program requirements (collectively, FCC Rules).
BCAPx or SCAPx	Beneficiary and Contributor Audit Program External Audits or Supply Chain Audit Program External Audits: BCAP or SCAP audits performed by outsourced (outside) audit firms.
CR	Contributor Revenue: Audits of Contributor Revenue filers.
E-Rate	Audits of E-Rate program participants.
HC	High Cost: Audits of High Cost program participants.
IP	Improper Payment. A payment that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

# Appendix E: Glossary of Terms (Continued)

Term	Definition
LI	Lifeline: Audits of Lifeline program participants.
PQA	Payment Quality Assurance: PQA assesses the accuracy of Universal Service Fund disbursements and determines whether improper payments exist and assists the FCC in meeting its reporting obligations subject to the Payment Integrity Information Act.
NECA	National Exchange Carrier Association. Created by the FCC to administer the FCC’s access charge plan, which helps ensure telephone service remains available and affordable in all parts of the country.
RHC	Rural Health Care: Audits of Rural Health Care program participants.
SA	Strategic Audits: Strategic Audits assess USAC’s compliance with FCC Rules, policies and procedures, and the effectiveness and efficiency of internal operations.
SC or SCAP	Supply Chain or Supply Chain Audit Program: SCAP assesses program participant compliance with FCC rules, orders, and program requirements (FCC Rules) related to protecting the communications supply chain.
SECA	State E-Rate Coordinators’ Alliance. Organization that provides training to schools and libraries.
USF	Universal Service Fund: The four universal service programs.

